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ACTION ARA-00

INFO LOG-00 COPY-01 ADS-00 AID-00 INR-10 SS-00 CIAE-00
EB-08 DINT-05 DODE-00 H-01 NSAE-00 COME-00 L-03
PM-10 OPIC-07 CEA-01 OMB-01 STR-20 FRB-03 OES-09
ACDA-12 JUS-01 USIE-00 SP-02 DOEE-00 SNP-01 PRS-01
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TO SECSTATE WASHDC 7432
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C O N F I D E N T I A L BOGOTA 05089

E.O. 12356: OADR
TAGS: EPET, EFIN, CO
SUBJECT: GOC SETS PSUDO OFFICIAL EXPORT LEVELS

1. SUMMARY: THROUGH A CONVOLUTED SERIES OF MANEUVERS, THE GOC HAS SET PRODUCTION, AND BY INFERRENCE, EXPORT LEVELS FOR THE OCCIDENTAL-SHELL-ECOPETROL CANON LIMON FIELD FOR THE MONTHS OF APRIL, MAY, JUNE AND JULY. EXPORTS LEVELS FOR THE REMAINDER OF THE YEAR WILL HAVE TO BE NEGOTIATED AFTER THE INAUGURATION OF THE NEW GOVERNMENT IN AUGUST. END SUMMARY.

2. OCCIDENTAL PETROLEUM CONTACTS TOLD EMBOFF THAT PRODUCTION LEVELS HAD BEEN SET FOR THE CANON LIMON FIELD FOR APRIL THROUGH JULY OF THIS YEAR.

PRODUCTION LEVELS ARE:

APRIL 90,000 BPD
MAY 110,000 BPD
JUNE 130,000 BPD
JULY 150,000 BPD.

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3. TO FORCE PRODUCTION LEVEL DECISION, OCCIDENTAL

UNITED STATES DEPARTMENT OF STATE

REVIEW AUTHORITY: OSCAR J. OLSON

DATE/CASE ID: 13 NOV 2002 200201334

CLASSIFICATION: CONFIDENTIAL REASON: 1.6(6)

DECLASSIFY AFTER: 9 APR 2011

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CONTRACTED A TANKER TO BE IN PORT IN COVENAS, THE TERMINUS OF THE CANON-LIMON PIPELINE, THE DAY OIL ARRIVED FROM THE ASSOCIATED FIELD. THE SQUEEZE PLAY PAID OFF AT THE ELEVENTH HOUR. OCCIDENTAL TEMPORARY STORAGE FACILITIES WOULD HAVE BEEN COMPLETELY FULL AT 2:15 AM, THE MORNING OF APRIL 8 HAD THEY NOT BEEN ABLE TO START LOADING THE TANKER. DECISION TO ALLOW LOADING CAME FROM MINISTER OF MINES, DUQUE, AT 9:14 PM.

3. OCCIDENTAL SAID NOTHING WAS PUT ON PAPER EXCEPT THE PRODUCTION LEVELS. THE APPROVAL TO EXPORT IS INFERRED. PRIOR TO THE DUQUE DECISION, OCCIDENTAL WAS TOLD THEY COULD NOT EXPORT BECAUSE THEY HAD NOT COMPLIED WITH DECREE 196 MANDATING FIRST OFFER OF SALE OF ASSOCIATION CRUDE TO ECOPETROL. OCCIDENTAL-SHELL, DURING A 5 HOUR NEGOTIATING SESSION, MADE SALES OFFER TO ECOPETROL. ECOPETROL DECLINED TO PURCHASE THE OFFERED CRUDE BECAUSE ALL STORAGE FACILITIES, AT REFINERIES AND ELSEWHERE, WERE FULL. ECOPETROL, SHELL AND OCCIDENTAL INFERRED THAT SINCE A PRODUCTION LEVEL HAD BEEN SET, DECREE 196 HAD BEEN COMPLIED WITH, NO DOMESTIC DEMAND FOR THE CRUDE EXISTED, AND PRODUCTION WAS AVAILABLE, EXPORTS HAD BEEN ALLOWED AT THE LEVEL OF OVERALL PER DAY PRODUCTION. LOADING THE TANKER BEGAN. BASED ON THE OCCIDENTAL TANKER CASE, SHELL HAS CONTRACTED FOR A SECOND TANKER, AND ECOPETROL FOR TWO ADDITIONAL TANKERS, TO ARRIVE OFF COVENAS DURING APRIL TO LOAD FOR EXPORT PRODUCTION OF 90,000 BPD.

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